IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent Application of:
Tom Vicknair et al.

Application No.: 09/728,340	Confirmation No.: 5053
	Customer No.: 70813
Filed: December 1, 2000	Art Unit: 3693
For: **ELECTRONIC CHECK PRESENTMENT SYSTEM AND METHOD HAVING AN ITEM SEQUENCE CAPABILITY**	Examiner: H.T. Dass

APPEAL BRIEF

MS Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

    Appellant hereby appeals to the Board of Patent appeals and Interferences the final rejection of Claims 1-6, 8-10, 36-41 and 43-45.

    The fees required under § 41.20(b)(2) are addressed in the accompanying TRANSMITTAL OF APPEAL BRIEF.

This brief contains items under the following headings as required by 37 C.F.R. § 41.37 and M.P.E.P. § 1206:

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I. **REAL PARTY IN INTEREST**

The real party in interest for this appeal is, The Chase Manhattan Bank, USA, N.A., a subsidiary to JPMorgan Chase & Co. and JPMorgan Chase Bank, N.A.

II.   RELATED APPEALS, INTERFERENCES, AND JUDICIAL PROCEEDINGS

There are no other appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in this appeal.

III.   STATUS OF CLAIMS

A.   Total Number of Claims in Application

There are 18 claims pending in application.

B.   Current Status of Claims

1.   Claims canceled: 7, 11-35, 42, and 46-66.

2.   Claims withdrawn from consideration but not canceled: NONE

3.   Claims pending: 1-6, 8-10, 36-41 and 43-45

4.   Claims allowed: NONE

5.   Claims rejected: 1-6, 8-10, 36-41 and 43-45

C.   Claims On Appeal

The claims on appeal are Claims 1-6, 8-10, 36-41 and 43-45.

IV.   STATUS OF AMENDMENTS

A first Non-Final Office Action based on the primary reference of Geer (U.S. Pat. No. 5,930,778) was issued on August 23, 2005. Appellant filed a responsive amendment on November 22, 2005. A first Final Office Action, still based on Geer, was issued on February 28, 2006. Appellant filed an amendment after final on April 27, 2006. An Advisory Action was issued on May 15, 2006.

Appellant filed a first Request for Pre-Appeal Conference on May 30, 2006, and an Appeal Brief on November 1, 2006. Before the Board could review Appellant's Appeal Brief, the first Final Office Action of February 28, 2006 and the pending rejection was withdrawn. In its place, a second Non-Final Office Action was issued on February 27, 2007. The new Office Action was based on the same primary reference of Geer, albeit substituting a new secondary reference, Gruenwald (U.S. Pat. No. 6,457,006).

Appellant filed a responsive amendment on May 18, 2007. A second Final Office Action maintaining the Geer/Gruenwald rejection was issued on July 24, 2007. Appellant filed a second Request for Pre-Appeal Conference on October 23, 2007. A Pre-Appeal Conference Decision was issued on December 26, 2007, forwarding the appeal to the Board.

V. SUMMARY OF CLAIMED SUBJECT MATTER

A. Summary of the Invention

The present invention relates, generally, to a system and method for Electronic Check Presentment (ECP) processing that digitally images physical checks as they arrive subsequent to posting of ECP items at the payor's bank (also referred to as the drawee bank or receiving bank).[1] The summary below is intended to give an overview of the invention, and does not necessarily reflect the elements recited in each claim.

In brief, according to an exemplary embodiment, the transmitting bank 10 (payee bank or depository bank) generates the ECP file 15 and transmits the ECP file 15 that is received by the drawee bank 20 (payor bank). The drawee bank 20 performs ECP processing 25 and generates the item database 35 that contains the information with respect to each ECP item, including a unique ISN (Item Sequence Number, e.g., ISN #1) and posting date at 100. [0029]

The paper items 40 (e.g., checks) arrive at the drawee/payor bank 20 at a later time. The images 110 generated from the paper items 40 are electronically linked to data records that represent the checks. Sorters used in the capture process can generate a new ISN (e.g., ISN #2), which can be disregarded once the internal processes of the capture processes 110 are completed. [0034] During the proofing process at 120, in which the data records for the ECP items 15 are validated against the data records for the physical items 40, the records are updated such that the posting date and ISN number for the data records for the physical items reflect the posting date and ISN number of the ECP items. [0035].

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[1] The general framework is that a payee bank (aka depository bank or transmitting bank) forwards checks and associated data to the payor's bank (aka drawee bank or receiving bank), which will process them for payment to the transmitting bank for crediting to the account of the payee.

Thus, following proofing, ISN #2 can be disregarded and the images and data records of the later-received paper items 40 (checks) are associated with the ISN (ISN #1) and posting date of the earlier-received ECP items. As the digital image of the check is electronically linked to the data records, the image thus carries the posting date and ISN (ISN #1) of the ECP item. [0040].

B.   Exemplary Embodiment of the Invention

1.   Independent Claim 1

According to a first exemplary embodiment of the present invention, independent Claim 1 recites a method of processing banking transactions, the method comprising: receiving an electronic cash presentment (ECP) file (*see* Fig. 2, element 15; par. [0029]), the ECP file containing first records representing paper-based banking transactions (*see* par. [0029]); for each of the first records, assigning a unique first item sequence number (ISN #1) to each respective first record (*see* Fig. 2, element 35; par. [0029]); receiving the paper-based banking transactions after having received the ECP file (*see* Fig. 2, element 40; par. [0031]); generating second records representing the paper-based banking transactions (*see* Figure 2, element 110; par. [0031]); generating digital images of the paper-based banking transactions (*see* Fig. 2; element 110; pars. [0031] & [0032]); for each of the second records, assigning a unique second item sequence number (ISN #2) to each respective second record (*see* par. [0034]); correlating the first and second records (*see* Fig. 2, element 120; pars. [0035] & [0036]); and discarding the second item sequence numbers (ISN #2) such that the second records are indexable according to the first item sequence number (ISN #1) wherein the second records and the digital images are linked to the first records by the first item sequence number (ISN #1) (*see* par. [0034], [0037] & [0040]).

2.   **Independent Claim 36**

According to a second exemplary embodiment of the present invention, independent

Claim 36 recites a system for processing banking transactions, the system comprising: a first

processor, the first processor receiving an electronic cash presentment (ECP) file (*see* Fig. 2,

element 15; par. [0029]), the ECP file containing first records representing paper-based banking

transactions (*see* par. [0029]), the first processor assigning a unique first item sequence number

(ISN #1) to each respective first record (*see* Fig. 2, element 35; par. [0029]); a second processor,

the second processor receiving the paper-based banking transactions after the first processor

received the ECP file (*see* Fig. 2, element 40; par. [0031]), the second processor generating

second records representing the paper-based banking transactions (*see* Figure 2, element 110;

par. [0031]), the second processor assigning a unique second item sequence number (ISN #2) to

each respective second record (*see* par. [0034]); a scanner coupled to the second processor for

generating digital images of the paper-based banking transactions (*see* Fig. 2, element 110; pars.

[0031] & [0032]); and a third processor correlating the first and second records (*see* Fig. 2,

element 120; pars. [0035] & [0036]) and discarding the second item sequence numbers (ISN #2)

such that the second records are indexable according to the first item sequence number (ISN #1)

wherein the second records and the digital images are linked to the first records by the first item

sequence number (ISN #1) (*see* par. [0034], [0037] & [0040]).

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VI.   GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Whether Claims 1-6, 8-10, 36-41, and 43-45 are rendered obvious under 35 U.S.C. § 103(a) by Geer (U.S. Patent No. 5,930,778; hereinafter "Geer") in view of Gruenwald (U.S. Patent No. 6,457,006; hereinafter "Gruenwald").

Appellant respectfully submits that Claims 1-6, 8-10, 36-41, and 43-45 do not stand or fall together, and further submits that Appellant will provide the reasons why each claim is separately patentable.

VII. ARGUMENT

Appellant finds itself filing an appeal to the Board of Patent Appeals and Interferences ("Board") for the second time in just a little over a year. Appellant filed an appeal to the Board in May 2006, but the United States Patent office ("Patent Office") reopened prosecution of the present application before the Board could review the appeal. On February 27, 2007, the Patent Office issued a Non-Final Office Action that relied on the same primary reference that was the subject of the previous appeal, and one new secondary reference. Appellant filed a responsive Amendment on May 18, 2007, and pointed out the same flawed reasons for the rejections that were the subject of the original appeal. The Patent Office issued a Final Office Action on July 24, 2007 ("Final Office Action"), maintaining the grounds of rejection set forth in the February 27, 2007 Office Action. After a request for a Pre-Appeal Brief Conference reversal of the rejection was denied, Appellant now turns to the Board for relief.

Appellant respectfully submits that the rejection of the pending claims of the present application should be reversed *at least* for the reasons set forth below.

A.   Brief Description of the Asserted Art

Geer is directed to a system for expediting the clearing of financial instruments and coordinating the same with invoice processing at the point of receipt. Geer, Abstract. Financial instruments from customers are received by a payee, *e.g.*, bank customer 2, at an item capture facility remote from the payee's depository bank 10 in which the submission of the instruments into the payment system is coordinated with the payee's internal accounting process. Geer, Figure 2, col. 6, lines 50-67.

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In other words, Geer is a **payee-focused** check processing system where a payee receiving a large number of checks from customers (such as a mortgage company receiving checks from homeowners), does check and ECP processing itself rather than having that done at the payee's bank/depository bank. Furthermore, Geer's system teaches that the check image and/or paper check are sent from the payee to the payee's bank **together, contemporaneously.** Thus, Geer has a completely different focus from Applicant's invention, which focuses on the check processing by the **payor's bank**, not by the payee or the payee's bank. Moreover, **Applicant's invention provides that the payee's bank sends the ECP items to the payor's bank first before the check image/paper check items so that the payments can post & clear faster.** Geer does not focus on how ECP items/checks are sent from the payee bank to the payor bank at all. In the only place where Geer discusses transmission of these items—from payee to payee bank—the ECP and check/check image are sent **together.**

Gruenwald is directed to a system and a method for organizing large amounts of seemingly unrelated data in a database without compromising the data's integrity. *See* Gruenwald at col. 3, ll. 38-55. Raw data is converted into a numeric format, "distilled" (i.e., duplicate, incomplete, inconsistent or erroneous data is removed), and then stored in a reference database. *See* Gruenwald at col. 6, ll. 6 - 19.

B.   **Independent Claim 1 is Patentable Over the Combination of Geer and Gruenwald**

Independent Claim 1 stands rejected under 35 U.S.C. § 103(a) as obvious over Geer in view of Gruenwald. Appellant respectfully submits that Claim 1 would not have been obvious under 35 U.S.C. § 103(a), because Geer and Gruenwald, alone or in combination, do not teach, suggest, or imply all of the features and limitations of the claim.

Referring to Figure 2 of Geer (shown below), checks and stubs are received from any number of customers (C1, C2 … CN) [payors], at a payee check receiving location [i.e., by the payee 2]. Item capture 4 at the payee 2 is performed to compare the checks and stubs (*See* Geer at col. 7, ll. 13-15). Following receipt and item capture by the payee 2, the check is scanned by the payee 2 at the electronic scanning block 6, to collect data such as the MICR (Magnetic Ink Character Recognition), the amount of the check, the date of the check. Further, electronic endorsement by the payee is applied to the check, and a document identification number is generated and assigned to the check (*See* Geer at col. 7, ll. 38-61). Also, the payee has the physical check imaged at electronic imaging 7. *See* Geer, Figure 1, col. 8, ll. 9-19.

After information is gathered from the payment stubs and check, Geer teaches that the information is used to reconcile the payment from the payor's account with the payee, such as the mortgage account number for the payor's mortgage account with the mortgage company payee (*See* Geer at col. 7, ll. 58-61). Next, the check may be imaged for archival storage (*See* Geer at col. 8, ll. 9-13), however, it is not necessary because the check is preserved (*See* Geer at col. 10, ll. 62-65). The electronic information scanned from the check is transmitted to a depository bank 10 for sorting, processing, and bundling, and then the bundled electronic information and an accompanying electronic cash letter is forwarded into the payment system 12 (*See* Geer at Figure 1, payee's bank/depository bank 13 col. 11, ll. 1 – 9).

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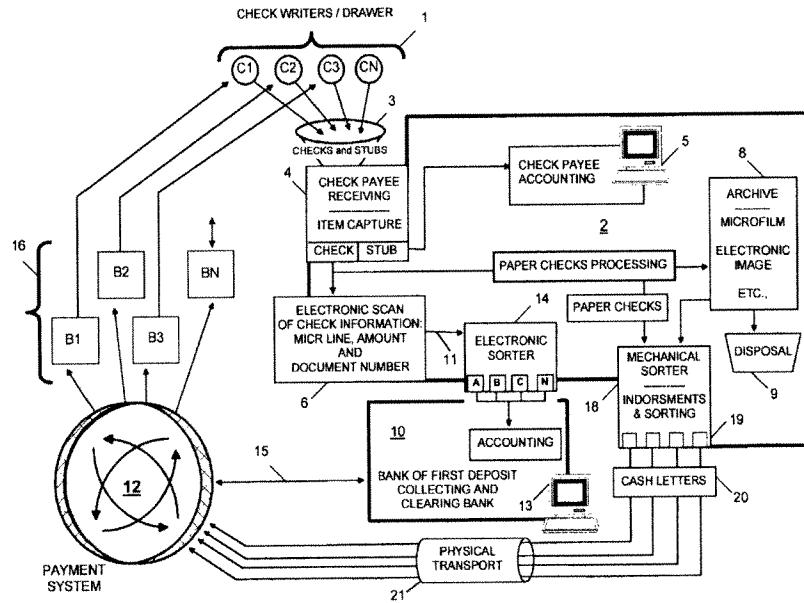
The paper check is processed and forwarded through the payment system 12 after the electronic information is transmitted. The paper checks are processed by endorsing, sorting, bundling, routing and generating a physical cash letter to accompany the paper check (*See* Geer at col. 11, ll. 12-28). During the processing, the check payee 2, at a site distant from the depository bank 10, endorses the check for payment both on its own behalf and on behalf of the bank (*See* Geer at col. 12, ll. 38-44).

In sum, as noted above, Geer has a completely different focus from Applicant's invention. Geer focuses on check processing by the <u>payee recipient</u> who forwards the ECP items/images <u>together</u> to the payee bank. Applicant's invention, on the other hand, focuses on <u>check processing at the payee bank and payor's bank</u> whereby the payee bank sends the ECP items first so that the payor's bank can process and post those items <u>before</u> the check images/checks are received at the payor's bank.

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1.   **Geer teaches that processing of paper checks and electronic funds   occurs at payor locations distant from the payor's bank.**

As illustrated in Figure 2 of Geer (shown above), Geer's system relates to the payment processing conducted at a bank customer 2 (a payee), which is a public utility such as a telephone company, or other business entity receiving a large number of periodic payments from numerous customers. Geer, col. 6, lines 50-53. **In other words, any payment processing at the payor banks 16 (or the drawee bank) is simply not disclosed by Geer.** As the system of Geer which is directed to processing performed at a bank customer (payee) remote from the payee bank itself, is fundamentally different from the processing performed at the payee bank of the embodiments of Appellants' invention. Many of the claim features are simply not shown or addressed whatsoever by Geer. Further, any proposed modification to meet the missing claim limitations is simply not supported by the disclosure of Geer and is, in fact, contrary to the teachings of Geer.

2.   **Geer is directed to a different processing cycle then the present invention, and does not teach that an electronic cash presentment file is received by the payor bank as part of processing of the bank   transaction.**

Appellant respectfully submits that Geer does not teach or fairly suggest the payor bank "*receiving* an electronic cash presentment (ECP) file, the ECP file containing first records representing paper-based banking transactions", as recited in Claim 1. The Examiner cites col. 2, lines, 4-15, col. 4, line, 26 to col. 5, line 9; col. 7 lines, 25-61; col. 9, lines 1-10; col. 18, lines 1-18 as allegedly teaching the above recited unique features of claim 1. Appellant respectfully submits that the cited portions of Geer do not teach the features of Claim 1.

Column 2, lines, 4-15 of Geer merely teaches that in a conventional check clearing system, depository banks endorse checks and prepare a cash letter for each bundle of checks.

Column 4, line, 26 to column 5, line 9 of Geer covers a variety of teachings although it does not teach or suggest the above recited features of Claim 1. Column 4 lines 2 to 44 cover a prior art system taught in Stephens et al. (U.S. Patent No. 5,237,159), which teaches a method for preparing electronic files that mirror paper cash letters. Column 4 lines 60 to column 5 line 9 teaches that electronic information is created at a location remote from a payee's collecting and clearing depository bank and sent to the **payee's depository bank** for further electronic sorting and processing. Column 7, lines 25-61 of Geer teaches substantially the same thing as column 4 line 60 to column 5 line 9. Geer does not teach or suggest Claim 1's receiving of ECP files at the payor's bank/drawee bank that performs the other related steps in Claim 1 for processing the ECP files and check images in order to have a payment posted.

Column 9, lines 1-10 teaches that an image is stored at the payee's location in an archival storage facility, or may be transmitted electronically to the bank along with other information. Column 18, lines 1-18 merely teaches communicating the electronic cash letter and information about the bundled groups of records into the payment system for clearance.

In sum, Geer does not teach or fairly suggest a payor bank "*receiving* an electronic cash presentment (ECP) file, the ECP file containing first records representing paper-based banking transactions", as recited in Claim 1. Accordingly, Appellant respectfully requests that the Board withdraw the rejection of claim 1 *at least* for the foregoing reason.

3.   **Geer teaches that a paper letter is <u>sent</u> after an electronic file, but is silent as to when the paper letter is received; and it is the Examiner's burden to show the prior art teaches all of the features and limitations of the claims, not Appellant's.**

Appellant respectfully submits that Geer fails to teach or fairly suggest, "receiving the paper-based banking transactions after having received the ECP file", as recited in Claim 1. The Examiner cites column 5, lines 10-45 of Greer, and relies on the language "Another embodiment of the... sends the paper check after...". *See* Final Office Action at pg. 7. The Examiner also asserts that, "Appellant has not presented any evidence that paper checks do not follow the ECP." *See* Final-Office Action, at pg. 7. First, Appellant respectfully submits that the Examiner is committing legal error. It is the *Examiner's* burden to show by a preponderance of the evidence that Geer teaches or fairly suggests all the elements and limitations of independent Claim 1, not Appellant's burden to show the contrary. *See* M.P.E.P. § 2142 ("To establish a *prima facie* case of obviousness... the prior art reference (or references when combined) must teach or suggest all the claim limitations" (emphasis added)).

In any event, Appellant respectfully submits the cited portions of Greer teach that the "paper checks [are sent] after processing at the **point of receipt [i.e., the payee]** from the payee's location into the check clearing and collection system". *See* Greer, col. 5, lines 10-15. Greer is silent as to when the paper financial instruments are received, and therefore does not teach or fairly suggest "receiving the paper-based banking transactions after having received the ECP file", as recited in Claim 1.

More important is the fact that Greer's teaching on sending the paper checks involves a different processing cycle than that addressed in Appellant's invention. In Geer, the recited portion pertains to the paper checks being sent from payee (e.g., mortgage company

payee) to payment clearing system 12. *See* Geer, Figure 1. In the claimed invention, what is at issue is the receipt of the paper-based banking transactions (e.g., paper checks) sent to the **payor's bank** for processing and posting. In short, the cited portion of Geer does not relate to the processing of Claim 1.

In sum, Geer does not teach or fairly suggest "receiving the paper-based banking transactions *after* having received the ECP file", as recited in claim 1. Accordingly, Appellant respectfully requests that the Board withdraw the rejection of claim 1 *at least* for the foregoing reason.

> **4.   The cited portions of Geer teach assigning document identification numbers to checks, but are silent with regard to check images; and the Examiner is inconsistently applying Geer to Claim 1.**

Appellant respectfully submits that Geer does not teach or fairly suggest, "generating second records representing the paper-based banking transactions… [and] for each of the second records, assigning a unique second item sequence number [ISN #2] to each respective second record", as recited in Claim 1. The Examiner cites column 15, lines 17-19 of Geer and asserts that "visually perceptible image of the financial instruments" corresponds to the claimed "second record" (*See* Final Office Action at pg. 3). The Examiner then cites column 13, lines 44-49, and asserts that the "document identification number" assigned to a check corresponded to the claimed "unique second item sequence number" (*See* Final Office Action at pg. 3). However, Appellant respectfully submits that Geer plainly and unambiguously teaches that the *check* is assigned the unique document identification number:

> The payees in Example I and in Example II may also 45
> establish and maintain an archive on behalf of the depository
> bank for the received checks, as well as for itself, whereby
> each check received by the payee is imaged and assigned a
> unique document identification number for retrieval pur-
> poses.   50

Geer at col. 13, ll 44-50.

Indeed, the assigned document identification number of column 13 lines 44-49 is the same document identification number taught in column 7, lines 52-55, which the Examiner asserts corresponds to the claimed "unique first item sequence number" (*See* Final Office Action at pg. 2).

In other words, as described above, Geer is teaching the processing of the ECP items and physical checks/images **together**, and where only a **single document identification number** is assigned. **There is no separate processing of the ECP items and the check image as in the claimed invention, where the ECP items are given an ISN (ISN #1) and the check/images are given their own ISN (ISN #2), which are later reconciled at the payor's bank.**

In sum, Geer does not teach or fairly suggest "generating second records representing the paper-based banking transactions... [and] for each of the second records, assigning a unique second item sequence number [ISN #2] to each respective second record", as recited in Claim 1. Accordingly, Appellant respectfully requests that the Board withdraw the rejection of Claim 1 *at least* for the foregoing reason.

5.   The Examiner unreasonably interprets and applies the word "correlating" to include reconciliation for accounting purposes.

Appellant further submits that Geer does not teach or suggest, "*correlating the first and second records*", as recited in Claim 1. The Examiner cites col. 10, lines 50-57 of Geer, which states that "electronic transfer and processing of payments occur and paper checks follow at some later time for confirmation, reconciliation and storage by the payor bank", and then asserts

that "Reconciliation of paper check and ECP is done only when the paper check and ECP entry is correlated otherwise payment cannot be reconciled". *See* Final Office Action at pg. 6.

First, on page 2 of the Final Office Action, the Examiner asserts that the data collected during first scanning (MICR, amount of the check and date) corresponds to the claimed "first record", and on page 3 of the Final Office Action the Examiner asserts that "visually perceptible image of the financial instruments" corresponds to the claimed "second record". However, in asserting that Geer teaches "*correlating the first and second records*", as recited in Claim 1, the Examiner cites a portion of the reference that teaches reconciling paper checks and the ECP. Therefore, the Examiner does not consistently interpret the claims or the Geer reference.

Second, Appellant respectfully submits that while Greer does not seem to define the term "reconciling", although in accounting, "reconciling" usually means reconciling accounts with the financial books. Thus, to the extent that the Examiner is asserting that reconciled paper checks and ECPs are inherently correlated, Appellant respectfully disagrees. An element is only inherently disclosed if it is *necessarily* present, the fact that an element *may* be present is not sufficient to establish inherency. *See* In re Rijchaert, 28 U.S.P.Q.2d 1955, 1957 (Fed. Cir. 1993). In order to establish inherency, extrinsic evidence must make clear that the missing descriptive matter is necessarily present in the reference and that persons of ordinary skill would so recognize. *See In re Robertson*, 169 F.3d 743, 745 (Fed. Cir. 1999). Here, the Examiner offers no evidence, or even reasoning trenched in technical features of Geer, why correlating is inherent within reconciling. Further, Geer provides no description of "reconciling", and it is not clear why (or how) paper checks and ECPs may actually be correlated.

6.   **Geer and Gruenwald, alone or in combination, do not teach or fairly suggest all of the features of independent Claim 1.**

The Examiner **admits that Geer does not teach or fairly suggest, "discarding the second item sequence numbers [ISN #2] such that the second records are indexable** according to the first item sequence number wherein the second records and the digital images are linked to the first records by the first item sequence number", as recited in Claim 1.

i.   **The Examiner does not address all features of independent Claim 1 in the Final Office Action.**

Appellant further submits that the references, as relied upon by the Examiner, do not teach or fairly suggest *"discarding the second item sequence numbers such that the second records are indexable according to the first item sequence number wherein the second records and the digital images are linked to the first records by the first item sequence number."* **In fact, the Examiner does not appear to address this unique feature of Claim 1 whatsoever.** On page 3 of the Final Office Action, the Examiner asserts in general terms that Gruenwald's teaching that certain records are removed teaches the above recited claim language. On Page 7 of the Final Office Action, the Examiner states, "Gruenwald is a second reference which discloses 'discarding the second item…'" So while the Examiner's intentions are unclear because the Examiner provides little or discussion of Gruenwald, Appellant takes the Examiner's statement at face value that Gruenwald is cited for teaching "discarding the second item".

In as much as the Examiner fails to address a feature of Claim 1, the Examiner has not meet the burden for establishing a *prima facie* case of obviousness, because the Examiner did not address each and every feature and limitation of claim 1. *See* M.P.E.P. § 2142.

ii.   **Gruenwald is silent with regard to discarding item sequence numbers.**

Gruenwald is directed, generally, to a system and method for managing data in a database system. In particular, Gruenwald teaches a way to manage and analyze extremely large amounts of seemingly unrelated data, *e.g.*, in an integrated order and billing system that generate information related to inventory, suppliers, and purchasers (*See* Gruenwald at col. 3, ll. 37-45; col. 4, ll. 20-27). First the raw data is converted into a numeric representation (*e.g.*, a vector) and stored in a data structure (*See* Gruenwald at col. 6, ll. 28-31; col. 8, ll. 53-55). Once stored, a "data dialysis" process is performed on the raw data to remove duplicative, erroneous, and incomplete information, or information that is simply of a lesser quality (*See* Gruenwald at col. 10, ll. 42-46; col. 11, ll. 6-13; col. 13, ll. 43-46). Gruenwald teaches a multi-step "data dialysis" that includes partitioning reference data, correlating data, and handling stranded data (*See* Gruenwald at col. 10, line 47 to col. 14, line 58). Partitioning, is accomplished by sorting the reference database based on some criteria and deriving a table defined by the criteria and those records matching the criteria (*e.g.*, based on last names as in Table 810 of Fig. 8).

On page 3 of the Final Office Action, the Examiner, as best Appellant can understand, appears to assert that the portioned database taught by Gruenwald (and described above) corresponds to, "discarding the second item sequence numbers such that the second records are indexable according to the first item sequence number wherein the second records and the digital images are linked to the first records by the first item sequence number", as recited in Claim 1.

Appellant respectfully submits that nowhere does Gruenwald teach or fairly suggest "discarding the second item sequence numbers such that the second records are indexable according to the first item sequence number", as recited in Claim 1. Gruenwald teaches only that

duplicative, erroneous, incomplete, or lesser quality information is "removed". To the extent that that the Examiner is trying to assert that this teaches this element of Claim 1, Appellant respectfully disagrees. Claim 1 recites "discarding the second item sequence numbers", where the "second item sequence number" is assigned to a "second record". Gruenwald is simply *silent* with regard to this feature of Claim 1.

Appellant respectfully further submits that Gruenwald does not teach or fairly suggest "second records and the digital images are linked to the first records". Gruenwald teaches that raw data is organized according to some "criteria", and a table maybe formed (such as Table 810 of Figure 8) which correlates the criteria to the raw data. Gruenwald does not discuss digital images or linking digital images to records.

Finally, Appellant respectfully submits that the Examiner's asserted motivation to modify Geer "to use standard database maintenance procedure and discard duplicate or redundant information to improve memory usage and the performance of the database" (*See* Final Office Action at pg. 4) is unsupported by technical reasoning. How did the Examiner determine that "discarding the second item sequence number" is a "standard database maintenance procedure"? How did the Examiner determine that the document identification number in Geer (which is what the Examiner appears to asserts corresponds to both the claimed "first item sequence number" and the "second item sequence number") is duplicate or redundant information, or that discarding the document identification number in Geer would "improve memory usage and the performance of the database"? The Examiner provides no reasoning. **Under *KSR*, the Examiner has an obligation as the primary fact-finder to provide an objective, reasoned rationale for the rejection including "an apparent reason" to combine or modify references.**

Furthermore, Appellant respectfully submits that the combination of Geer and Gruenwald in the manner suggested by the Examiner would actually impair features of the payment processing system in Geer. References cannot properly be combined with each other when such would result in destroying that on which the invention of one of the references is based. *See, Ex parte Hartmann*, 186 U.S.P.Q. 366, 367 (Pat. Off. Bd. App. and Inter. 1974). **Here, the Examiner has asserted that the first and second sequence numbers correspond to the same document identification number. However, discarding the document identification number would render inoperable the archive described in Geer because data would not longer be retrievable (*See* Geer at col. 13, ll. 44-50).**

> iii.   **The rejection is not proper because the Examiner does not adhere to the factors set forth in <u>Graham v. John Deere</u> when setting forth a *prima facie* case of obviousness.**

One problem with the rejection of Claim 1 as set forth in the Final Office Action, is that rejection is not founded on the factors set forth in *Graham v. John Deere*, 383 U.S. 1 (1966). Rather, the rejection relies on conclusory statements about what Geer and Gruenwald allegedly teach, and about the alleged motivation to combine the two references.

Recently, in *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 82 U.S.P.Q.2d (BNA) 1385 (2007), the Supreme Court affirmed the factual inquiry set forth in *Graham v. John Deer Co.*, for applying 35 U.S.C. § 103(a). *See, KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. at 1739. The factual inquiry set forth in Graham is to determine: (1) the scope and content of the prior art; (2) the differences between the claimed invention and the prior art; and (3) the level of ordinary skill in the prior art. In *KSR*, The Supreme Court counseled that when determining if there was an apparent reason to combine references, all analysis should be made ***explicit***. *See, KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. at 1740-41; *see also, In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329

(Fed. Cir. 2006) ("Rejections on obviousness grounds *cannot be sustained by mere conclusory statements*; instead there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.") (emphasis added). While the Supreme Court was instructing the various courts, the instruction is *equally* applicable to the PTO Examining Corps, which bears the responsibility, in the first instance, of applying 35 U.S.C. § 103(a).

Accordingly, Appellant respectfully submits that at the very least, the Board should require the Examiner to prepare a proper Office Action, that follows the factual analysis set forth in *Graham v. John Deer Co.*, so that Appellant may have a fair opportunity to respond.

      iv.   **Gruenwald does not compensate for the other deficiencies of Geer.**

Appellant respectfully submits that Gruenwald fails to compensate for the deficiencies of Geer.

C.   **Dependent Claims 2-6 and 8-10 Are Separately Patentable**

Appellant respectfully submits that dependent claims 2-6 and 8-10 are patentable *at least* by virtue of their dependency from independent Claim 1. Accordingly, Appellant respectfully requests that the Board withdraw the rejection of these claims.

D.   **Independent Claim 36 is Separately Patentable Over the Combination of Geer and Gruenwald.**

Appellant respectfully submits, that for the reasons stated above with regard to independent Claim 1, Geer and Gruenwald, alone or in combination, do not teach or suggest:

> a first processor, the first processor receiving an electronic cash presentment (ECP) file, the ECP file containing first records representing paper- based banking transactions, the first processor assigning a unique first item sequence number to each respective first record;

a second processor, the second processor *receiving the paper-based banking transactions after the first processor received the ECP file*, the second processor *generating second records representing the paper-based banking transactions*, the second processor *assigning a unique second item sequence number to each respective second record*;

a scanner coupled to the second processor for generating digital images of the paper-based banking transactions; and

a third processor *correlating the first and second records and discarding the second item sequence numbers such that the second records are indexable according to the first item sequence number wherein the second records and the digital images are linked to the first records by the first item sequence number*

Accordingly, Appellant respectfully requests that the Examiner withdraw the rejection of independent Claim 36 under 35 U.S.C. § 103(a), because Geer and Gruenwald, alone or in combination, do not teach or fairly suggest all of the features and limitations of the claim.

E.   Dependent Claims 37-41 and 43-45 Are Separately Patentable

Appellant respectfully submits that dependent Claims 37-41 and 43-45 are patentable *at least* by virtue of their dependency from independent Claim 36. Accordingly, Appellant respectfully requests that the Board withdraw the rejection of these claims.

VIII. CLAIMS

A copy of the claims involved in the present appeal is attached hereto as Appendix A.
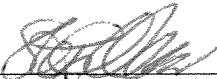
IX.   EVIDENCE

No evidence pursuant to §§ 1.130, 1.131, or 1.132 or entered by or relied upon by the examiner is being submitted.

X. RELATED PROCEEDINGS

No related proceedings are referenced in II. above, or copies of decisions in related proceedings are not provided, hence no Appendix is included.

Dated: February 25, 2008   Respectfully submitted,

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APPENDIX A

Claims Involved in the Appeal of Application Serial No. 09/728,340

1.   (Previously Presented) A method of processing banking transactions comprising:

receiving an electronic cash presentment (ECP) file, the ECP file containing first records representing paper-based banking transactions;

for each of the first records, assigning a unique first item sequence number to each respective first record;

receiving the paper-based banking transactions after having received the ECP file;

generating second records representing the paper-based banking transactions;

generating digital images of the paper-based banking transactions;

for each of the second records, assigning a unique second item sequence number to each respective second record;

correlating the first and second records; and

discarding the second item sequence numbers such that the second records are indexable according to the first item sequence number wherein the second records and the digital images are linked to the first records by the first item sequence number.

2.   (Original) The method according to claim 1, further comprising performing financial processing with respect to each of the first records.

3.   (Original) The method according to claim 2, wherein the financial processing comprises posting the banking transaction.

4.   (Original) The method according to claim 1, wherein the step of correlating the first and second records further comprises performing a proofing process.

5.   (Original) The method according to claim 4, further comprising, prior to the proofing process, sorting the ECP file according to a key to generate an index file, wherein the order of the second records is thereby irrelevant in the proofing process.

6.   (Original) The method according to claim 5, wherein the key is selected from the group consisting an account number, a transit number, amount, check number, posting date, the first item sequence number and a payor bank number, each being associated with the paper-based banking transaction.

7.   **(Canceled)**

8.   (Previously Presented) The method according to claim 1, further comprising storing the digital images in an archive.

9.   (Original) The method according to claim 1, further comprising generating first digital images of paper-based banking transactions that were not represented in the ECP file.

10.   (Original) The method according to claim 9, further comprising:

generating second digital images of the paper-based banking transactions that were represented in the ECP file; and

        storing the first and the second digital images in an archive.

11.-35. **(Canceled)**

36.   (Previously Presented) A system for processing banking transactions comprising:

a first processor, the first processor receiving an electronic cash presentment (ECP) file, the ECP file containing first records representing paper- based banking transactions, the first processor assigning a unique first item sequence number to each respective first record;

a second processor, the second processor receiving the paper-based banking transactions after the first processor received the ECP file, the second processor generating second records representing the paper-based banking transactions, the second processor assigning a unique second item sequence number to each respective second record;

a scanner coupled to the second processor for generating digital images of the paper-based banking transactions; and

a third processor correlating the first and second records and discarding the second item sequence numbers such that the second records are indexable according to the first item sequence number wherein the second records and the digital images are linked to the first records by the first item sequence number.

37.   (Original) The system according to claim 36, wherein the first processor further performs financial processing with respect to each of the first records,

38.   (Original) The system according to claim 37, further comprising an account system coupled to the first processor, wherein the financial processing by the first processor comprises posting the banking transaction in the account system.

39.   (Original) The system according to claim 36, wherein the correlating by the third

processor further comprises the third processor performing a proofing process.

40.   (Original) The system according to claim 39, wherein, prior to the proofing process, the

third processor sorts the ECP file according to a key to generate an index file, wherein the order

of the second records is thereby irrelevant in the proofing process by the third processor.

41.   (Original) The system according to claim 40, wherein the key is selected from the group

consisting an account number, a transit number, amount, check number, posting date, the first

item sequence number and a payor bank number, each being associated with the paper-based

banking transaction.

42.   (Canceled)

43.   (**Currently Presented**) The system according to claim 4̶2̶ <u>36</u>, further comprising an

archive coupled to the second processor, the archive storing the digital images.

44.   (Original) The system according to claim 36, further comprising a scanner, the scanner

generating first digital images of paper- based banking transactions that were not represented in

the ECP file.

45.   (Original) The system according to claim 44, wherein the scanner is a first scanner, the

system further comprising:

a second scanner coupled to the first processor, the second scanner generating second

digital images of the paper-based banking transactions that were represented in the ECP file; and

an archive coupled to the first processor, the archive storing the first and the second

digital images.

46.-66. (Canceled)